

**Introduced by Senators Costa, Burton, Figueroa, Karnette,  
Kuehl, and Soto**

February 22, 2002

---

An act to add Chapter 20 (commencing with Section 2704) to Division 3 of the Streets and Highways Code, relating to financing a high-speed passenger train system by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 1856, as introduced, Costa. High-Speed Train Bond Act of 2002.

Existing law creates the High-Speed Rail Authority with the responsibility of directing the development and implementation of intercity high-speed rail service.

This bill would enact the High-Speed Passenger Train Bond Act of 2002, which, subject to voter approval, would provide for the issuance of an unspecified amount of general obligation bonds, the proceeds of which would be used for the purpose of funding the planning and construction of a high-speed train system in this state pursuant to the business plan of the authority.

The bill would provide for the submission of the bond act to the voters in accordance with specified law.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Chapter 20 (commencing with Section 2704) is added to Division 3 of the Streets and Highways Code, to read:

CHAPTER 20. HIGH-SPEED PASSENGER TRAIN BOND ACT OF 2002

Article 1. General Provisions

2704. This chapter shall be known and may be cited as the High-Speed Passenger Train Bond Act of 2002.

2704.01. As used in this chapter, the following terms have the following meanings:

(a) "Committee" means the High-Speed Passenger Train Finance Committee created pursuant to Section 2704.12.

(b) "Authority" means the High-Speed Rail Authority created pursuant to Section 185020 of the Public Utilities Code.

(c) "Fund" means the High-Speed Passenger Train Bond Fund created pursuant to Section 2704.05.

(d) "High-Speed Train" means a passenger train system with trains capable of sustained revenue operating speeds of at least 200 miles per hour. A passenger train system includes, but is not limited to, the following components: right-of-way, track, power system, rolling stock, stations, and associated facilities.

Article 2. High-Speed Passenger Train Financing Program

2704.05. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the High-Speed Passenger Train Bond Fund, which is hereby created.

2704.06. The money in the fund, upon appropriation by the Legislature, shall be available, without regard to fiscal years, for planning and construction of a high-speed train system in this state, consistent with the authority's Final Business Plan of June 2000, as subsequently modified pursuant to environmental studies conducted by the authority.

2704.07. The authority shall pursue and obtain other private and public funds, including but not limited to, federal funds, funds

1 from revenue bonds, and local funds, to augment the proceeds of  
2 this chapter.

3 2704.08. The use of proceeds of this chapter for right-of-way  
4 and rolling stock acquisition and track, station, and other related  
5 construction shall not exceed one-half of the total cost.

6  
7 Article 3. Fiscal Provisions  
8

9 2704.10. Bonds in the total amount of \_\_\_\_ dollars (\$\_\_\_\_),  
10 exclusive of refunding bonds, or so much thereof as is necessary,  
11 may be issued and sold to provide a fund to be used for carrying  
12 out the purposes expressed in this chapter and to be used to  
13 reimburse the General Obligation Bond Expense Revolving Fund  
14 pursuant to Section 16724.5 of the Government Code. The bonds,  
15 when sold, shall be and constitute a valid and binding obligation  
16 of the State of California, and the full faith and credit of the State  
17 of California is hereby pledged for the punctual payment of both  
18 principal of, and interest on, the bonds as the principal and interest  
19 become due and payable.

20 2704.11. (a) Except as provided in subdivision (b), the bonds  
21 authorized by this chapter shall be prepared, executed, issued,  
22 sold, paid, and redeemed as provided in the State General  
23 Obligation Bond Law, Chapter 4 (commencing with Section  
24 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
25 and all of the provisions of that law apply to the bonds and to this  
26 chapter and are hereby incorporated in this chapter as though set  
27 forth in full in this chapter.

28 (b) Notwithstanding any provision of the State General  
29 Obligation Bond Law, each issue of bonds authorized by the  
30 committee shall have a final maturity of not more than 20 years.

31 2704.12. (a) Solely for the purpose of authorizing the  
32 issuance and sale, pursuant to the State General Obligation Bond  
33 Law, of the bonds authorized by this chapter, the High-Speed  
34 Passenger Train Finance Committee is hereby created. For  
35 purposes of this chapter, the High-Speed Passenger Train Finance  
36 Committee is “the committee” as that term is used in the State  
37 General Obligation Bond Law. The committee consists of the  
38 Treasurer, the Director of Finance, the Controller, the Secretary of  
39 the Business, Transportation and Housing Agency, and the  
40 chairperson of the authority, or their designated representatives.

1 The Treasurer shall serve as chairperson of the committee. A  
2 majority of the committee may act for the committee.

3 (b) For purposes of the State General Obligation Bond Law, the  
4 authority is designated the “board.”

5 2704.13. The committee shall determine whether or not it is  
6 necessary or desirable to issue bonds authorized pursuant to this  
7 chapter in order to carry out the actions specified in Section  
8 2704.06 and, if so, the amount of bonds to be issued and sold.  
9 Successive issues of bonds may be issued and sold to carry out  
10 those actions progressively, and it is not necessary that all of the  
11 bonds authorized be issued and sold at any one time. The  
12 committee shall consider program funding needs, revenue  
13 projections, financial market conditions, and other necessary  
14 factors in determining the shortest feasible term for the bonds to  
15 be issued.

16 2704.14. There shall be collected each year and in the same  
17 manner and at the same time as other state revenue is collected, in  
18 addition to the ordinary revenues of the state, a sum in an amount  
19 required to pay the principal of, and interest on, the bonds each  
20 year. It is the duty of all officers charged by law with any duty in  
21 regard to the collection of the revenue to do and perform each and  
22 every act which is necessary to collect that additional sum.

23 2704.15. Notwithstanding Section 13340 of the Government  
24 Code, there is hereby appropriated from the General Fund in the  
25 State Treasury, for the purposes of this chapter, an amount equal  
26 to that sum annually necessary to pay the principal of, and interest  
27 on, bonds issued and sold pursuant to this chapter, as the principal  
28 and interest become due and payable.

29 2704.16. The board may request the Pooled Money  
30 Investment Board to make a loan from the Pooled Money  
31 Investment Account, in accordance with Section 16312 of the  
32 Government Code, for purposes of this chapter. The amount of the  
33 request shall not exceed the amount of the unsold bonds which the  
34 committee has, by resolution, authorized to be sold for the purpose  
35 of this chapter, less any amount borrowed pursuant to Section  
36 2701.17. The board shall execute such documents as required by  
37 the Pooled Money Investment Board to obtain and repay the loan.  
38 Any amount loaned shall be deposited in the fund to be allocated  
39 by the board in accordance with this chapter.



2704.17. For the purpose of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of unsold bonds which have been authorized by the committee to be sold for the purpose of carrying out this chapter, less any amount borrowed pursuant to Section 2704.16. Any amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this chapter.

2704.18. All money deposited in the fund which is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

2704.19. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law.

2704.20. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

2704.21. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this chapter that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, the Treasurer may maintain a separate account for investment earnings, order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

SEC. 2. Section 1 of this act shall take effect upon the adoption by the voters of the High-Speed Passenger Train Bond Act of 2002, as set forth in Section 1 of this act.

SEC. 3. Section 1 of this act shall be submitted to the voters in accordance with provisions of the Government Code and the

- 1 Elections Code governing the submission of statewide measures
- 2 to the voters.

O

